



Fitch Upgrades VIVAT Schade; Resolves Rating Watch

Fitch Ratings - Frankfurt am Main - 27 March 2020:

Fitch Ratings has upgraded VIVAT Schadeverzekeringen NV's (VIVAT Schade) Insurer Financial Strength (IFS) Rating to 'A+' from 'BBB+' and removed it from Rating Watch Positive (RWP). The Outlook is Stable.

This follows the Declaration of No Objection (DNO) from the Dutch regulator, De Nederlandsche Bank, regarding the intended acquisition of VIVAT's activities by Athora Holding Ltd (IFS Rating of operating subsidiaries: BBB+/Stable) and NN Group NV (IFS Rating of operating subsidiaries: A+/Stable).

Athora is to acquire 100% of VIVAT shares from Daija Insurance and thereafter VIVAT Schade will be on-sold to NN. The receipt of the DNO was the last and most important regulatory hurdle to clear in order to execute the transaction, which is now expected to close in early April 2020.

Fitch had placed VIVAT Schade's IFS Rating on RWP on 10 June 2019 (see "Fitch Places VIVAT Schade on Rating Watch Positive" on www.fitchratings.com).

Key Rating Drivers

Fitch would view VIVAT Schade as a 'Core' subsidiary of NN following the closure of the acquisition. This is based on its strategic importance in providing further scale to NN in the Dutch non-life market, as well as expected synergies with NN's existing non-life business. We expect NN to gradually integrate VIVAT Schade into its existing non-life operations, eventually leading to a legal merger of the two entities. NN expects to unlock approximately EUR40 million in cost synergies in the combined NN-VIVAT non-life operations from 2022 onwards.

Based on its 'Core status, Fitch has aligned VIVAT Schade's IFS with NN's in line with the agency's Insurance Rating Criteria.

RATING SENSITIVITIES

VIVAT Schade's rating is subject to the same sensitivities that may affect NN's IFS Rating (for more details see "Fitch Revises NN's Outlook to Stable; Affirm IFS at A+" dated 19 March 2020 at www.fitchratings.com)

Fitch is developing updated assumptions to support a review of the insurance companies it rates, focused on the significant uncertainties created by the onset of the global COVID-19 pandemic. Assumptions will be put in place for interest-rate levels; declines in the market values of stocks, bonds, derivatives and other capital market instruments typically owned/traded by insurance companies; market liquidity; and the magnitude of COVID-19-related claim/benefit exposures. Fitch plans to conduct pro-forma analysis for individual companies to reflect these assumptions, and compare the pro-forma results to current rating sensitivities. Fitch expects to place ratings on Rating Watch Negative or downgrade ratings, if sensitivities are notably breached. NN will be part of this review.

Unless otherwise disclosed, the highest level of ESG credit relevance is a score of 3. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or to

the way in which they are being managed by the entity.

For more information on our ESG Relevance Scores, visit www.fitchratings.com/esg.

RATING ACTIONS

ENTITY/DEBT	RATING	PRIOR
VIVAT Schadeverzekeringen N.V.	Ins Fin Str A+ ● Upgrade	BBB+ ◆

Additional information is available on www.fitchratings.com

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Applicable Criteria

Insurance Rating Criteria (pub. 02 Mar 2020)

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